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may receive an affirmative answer as early as possible. Hospitality will be provided for delegates who intimate in good time their intention to attend the conferences."

The Executive Committee of the American Peace Society has appointed Rev. Jay T. Stocking, D. D., one of the members of its committee and pastor of the Christian Union Church, Upper Montclair, New Jersey, its delegate, both to the centenary and to the congress. Dr. Stocking plans to attend both conferences.

THE GERMAN PENALTIES DEFINED

By LLOYD GEORGE

Selections from a Speech of the British Premier, May 5, to the House of Commons, Following Agreement of Allies' Representatives on Terms of German Reparation

THIS morning at half-past 10 there came to an end one of the most important and momentous of the series of conferences which have recently been held between the allied powers, important not merely for the subject under discussion and for the decisions taken, but also for the consequences of those decisions.

Before I give the actual decisions arrived at, I should like just to give the House a summary of the position. We sat for about six days, and it is very difficult to summarize in the time at my disposal deliberations which occupied such a length of time. When we met this was the position: Germany was in default in the execution of the treaty on some of the most important provisions of that treaty—disarmament, trials of criminals, reparations, and four or five other clauses which have not attracted much attention, but which are of very considerable importance.

I will now give you in outline the main cases of undoubted default on the part of Germany. The first relates to the very important question of disarmament, which is not merely the basis of the treaty but the basis of the future settlement of Europe. (Cheers.) Unless that very formidable machine which has been responsible for the growth of the armaments of Europe and which in the end was responsible for the terrible war of 1914, unless we have a guarantee that those armaments have disappeared forever there is no guarantee for the freedom of the peace of Europe. Therefore we regard disarmament as the fundamental question.

I shall be perfectly fair to Germany, and I say at once that in some respects her compliance with that important part of the treaty has been highly satisfactory; in others very unsatisfactory. I am very glad to be able to say that the direction in which her compliance has been satisfactory is the very vital one of surrender and destruction of her great guns. It can be considered in the judgment of our military advisers—and I am quoting their very words—most satisfactory, although that compliance is not complete.

FURTHER DISARMAMENT IMPERATIVE

Now I will give respects in which compliance with the treaty is still unsatisfactory. There are far too many machine-guns and rifles unsurrendered—enough ma-

chine-guns to arm formidable forces. In addition to them—and this probably is the most disquieting factor—irregular military organizations are still in existence in Germany. In Bavaria alone there is a force of 300,000 men; there is a very considerable force in East Prussia, in Wurtemberg, and, I believe, in other parts of Germany. These forces added together no doubt would become the nucleus of a formidable army. They are armed with rifles, they have machine guns, and it is suspected that they have a number of cannons.

France and Belgium are naturally, for very good reasons, very anxious about these forces. (Cheers.) It is not that Germany could by any chance, whatever party came into power, suddenly organize a force which could attack either Belgium or France; but still, as long as you have great forces of that kind in Germany which might form a nucleus or a military organization, as long as you have still in Germany very large numbers of officers and non-commissioned officers of the old army, and you have the most ingenious industrial population in Europe that could in a short time improvise machinery for destruction, it is impossible for France to settle down.

She must continue to arm and to keep her eyes on her eastern frontier. She must watch. She is uneasy. She cannot let down her armies. And therefore it is essential that Germany should carry out this provision of the treaty. (Cheers.)

The reason assigned by Germany, and we give full weight to it, is that they have had two or three revolutions and counter-revolutions. There was a revolution in Bavaria, where Munich and the Bavarian Government were in the hands of the Communists for, I think, some weeks. There was a revolution in Berlin, or counter-revolution, where the capital and the whole machinery of the government were in the hands of counter-revolutionaries. Germany is able to say, "We cannot disarm and be perfectly helpless against these revolutionaries."

The fact of the matter is that the existence of these irregular forces makes it very difficult to carry out orders given by the central government for the surrender of rifles. Not merely the Communists, but a good many who half sympathize with them, say, "We are not going to give up our rifles and machine-guns as long as you have these irregular forces that at any time might be used for the suppression of our legitimate liberties."

There is this suspicion and counter-suspicion. We cannot get the rifles out of the Einwohnerwehr because they are afraid of the Communists, nor from the Communists because they are afraid of the Einwohnerwehr. Therefore we must insist upon both surrendering their rifles. There is a sufficient regular force in Germany, with its railway communications, to suppress any danger that may arise from any movement of the Communist Party.

CRIMINALS UNPUNISHED

The next subject on which Germany has defaulted is in regard to her war criminals. The position there is quite unsatisfactory and what makes it more so is that the allied governments made very substantial conces-

sions to German susceptibilities. Germany said: "It is most difficult for us to hand over officers of our army to be tried by foreign courts, but we will set up a court of our own, or rather we will carry a measure with special provisions for the trial of these accused persons before the High Court of Leipzig, a court of unblemished reputation."

The allied countries quite unanimously accepted that plea. We each sent to Germany a number of capital cases for trial, but for one reason or another they delayed. They protracted correspondence. They have allowed three out of seven accused persons with the worst charges to leave the country, professing that they cannot arrest them, and with regard to the other four, the character of the evidence against whom is very well known from the very remarkable inquiry the other day at Bow Street, those cases, although we supplied the evidence in October, have not yet been brought to trial.

They promised to bring them to trial about the end of this month, but there is no doubt that the procedure is slow. They are dallying, and they are not showing the same anxiety and diligence in bringing these people to justice that they would do if they had been offenders against German laws whom they were anxious to prosecute. What applies to our cases applied equally to charges brought by France and Belgium.

DECISION AS TO REPARATIONS

I now come to the question of reparations Germany by the treaty was to pay in cash and kind £1,000,000,000 by the first of May, 1921. She has not done so. She has paid, at outside, and this is not a definite figure, £400,000,000. The £1,000,000,000 was to cover the costs of the army of occupation as well as reparations. Here also the Allies have shown very considerable forbearance.

The default is palpable. We have been driven to take action, not merely by the fact that Germany has defaulted, but by her general attitude toward the whole question, which indicated that Germany did not intend to carry out her obligations. She was making excuses not merely for delay but for avoidance. She was beginning to challenge her responsibility. The public opinion of Germany was urging the government to contest, not merely claims that would have been legitimate, but to contest her obligations, and when they refused to face those obligations they were cheered and encouraged and supported.

This new attitude of Germany took a very practical form in one respect. Germany, under the protocol which accompanied the treaty, a much more important document than is evidently appreciated, was invited to make an offer in discharge of the whole claim against her. In the treaty itself there is carefully drawn up a category of claims in respect to compensation and reparations. It was realized that it must take a long time to settle. No one knew whether the figure might not have been so prodigious as to be beyond the possibility of any country to pay. Therefore Germany was invited to make an offer.

It was quite obvious that if the offer had been a fair one, a reasonable one, although it might not have reached the limit, it might have been better for the Allies to have accepted it than an even higher figure. The offer was to come from Germany voluntarily.

OPPORTUNITY GERMANY LOST

That was their opportunity. That opportunity was definitely and deliberately given them in the letter which accompanied the treaty. She was to do it within four months. She never made that offer. Then we extended the time and called the Germans' attention to it and invited her to take steps. She was very slow to take any steps, and when the offer came it was so obviously inadequate as to constitute contemptuous defiance of the peace treaty.

The committee will recollect that there was a meeting in London with Dr. Simons, who made a proposal on behalf of Germany. It was an exasperating offer. It was an offer which showed that Germany was not treating seriously her obligations and that she had in her mind that she would not be called upon to discharge her obligation under the Treaty of Versailles.

Under these circumstances, it was essential that the Allies should make it clear to Germany that, while willing to make allowance for difficulties, economical and political, they must insist upon the treaty being respected and accepted as the real basis of any offer. (Cheers.) And at all the meetings in London and Paris and the Spa efforts were made to induce Germany to put forward a bona fide offer. That having failed, there was nothing to be done but to allow the machinery of the treaty to function (cheers) and the Reparations Commission to make its award.

They heard everything that Germany had to say—I think they told me that Germany submitted 130 memoranda—and after hearing everything that Germany's representatives had to say and perusing everything that the German Government had to submit, the Reparations Commission last week found that, after deducting the amount already received and after adding the Belgian debt, there was due from Germany £6,600,000,000. Of that figure France claims 72 per cent and the British Empire 22 per cent.

It was the duty of the Reparations Commissioners under the treaty concurrently to make a schedule of payment—payments of that amount. In order to be able to do so, it was necessary to amend one of the terms of the treaty, as otherwise the payments would have been too heavy. The last German proposal was that it should be extended over eighty or ninety years. The proposal of the Paris Conference was that it should extend over forty-two years.

The Supreme Council met on Saturday and sat until this morning and considered the award of the Reparation Committee and the scheme of payment which should be submitted to Germany and the guarantees by which payments should be insured and the sanctions by which these obligations should be enforced.

TERMS JUST TO GERMANY

We have had to consider three questions: First of all, the amount which it was fair to extract from Germany—the capital amount and annual payment—to consider that carefully, conscientiously, and with a sincere desire not to impose anything which would be harsh, brutal, and unfair even upon an enemy. (Cheers.)

I believe we have been fair. I believe we have been just. I believe that on the whole, taking all the conditions into account, we have been considerate, because the

burden is still a burden for France. It is still a burden for us. The wounds of France are still bleeding. The devastated regions are still there. They have still to be rebuilt. The burden of pensions is one that is bearing heavily year by year upon us. Therefore our demand is not unfair. We are asking Germany to pay vast debts, but to pay debts that we have to face year by year in this country. (Cheers.)

The first question was the capital amount, the second was the methods of payment, the third guarantees for payment. Last was the acceptance by Germany of these terms. I have been very anxious to deal fairly with Germany and with her leaders. Their task is not an easy one. We all have difficulties with public opinion, which naturally is not so cognizant of, so intimately acquainted with practical difficulties as those who devote the whole of their time to their consideration. The public opinion of France feels that it has been taxed heavily in order to repair damage done by German wantonness. The public opinion of Belgium and ours is similar.

Then you have the public opinion of Germany. When German statesmen have to go back to their country and say "we have incurred obligations which will impose upon you gigantic burdens," it is a difficult thing for any statesman to tell his constituents, especially when payment is to be made to a foreign country.

I notice when Dr. Simons went back, having refused our terms, he was cheered in the streets. Had he gone back, having accepted, he would probably have been hounded out of office by German public opinion. Therefore, when we talk about compelling Germany to pay and using coercive measures it is merely compelling the German people to face disagreeable facts. (Cheers.) They will not do it unless the alternative is more disagreeable. You cannot expect it. There are newspapers in Germany (laughter), and there are even newspapers in Germany which only give one side of the facts. Therefore, you have to bring them face to face with a more disagreeable alternative. That is why we discussed that question. We realized the difficulties of the German statesmen anxious to deal with these questions, anxious to make new proposals.

I have no right to say they were convinced, but I do not think I am far wrong in saying so. But they knew in their hearts they could not do so unless the Allies said to them, "Unless you do it, this is what would happen." It is a good thing for the German people themselves to be brought up sharp and to be told firmly and distinctly that unless they accept this the Allies must and will take action. I am not talking in the language of menace, but of practical, common sense, which is not always the same thing.

TERMS OF REPARATIONS

I have first of all to mention the scheme of payment which has been agreed to by the Supreme Council and adopted by the Reparations Commission and which will be remitted by the Reparations Commission to the German representatives tonight.

The experts of the Allied Powers framed very carefully a scheme. The Paris scheme was one of forty-two annuities, beginning at £100,000,000 per annum and increasing at intervals of two or three years, until at the

end of eleven years a maximum of £300,000,000 per annum would be reached. Those were fixed annuities, but in addition to that there was to be a variable sum equal to 12 per cent on German exports.

The proposal of the London conference is that there should be one fixed sum, and that should be £100,000,000, but that there should be a variable sum added to that per annum which would be equal to 26 per cent of German exports. Whether that is higher or lower than the Paris proposal depends upon German prosperity. If German exports do not improve, then it will be considerably lower than the Paris total. If German exports approximate to pre-war figures it will be equal to the Paris figure, and only in the event of Germany becoming exceedingly prosperous will that figure exceed the Paris figure. The whole point of the new scheme is that Germany's annual liabilities will vary according to her capacity to discharge them.

In order to enable Germany to meet her liabilities and to adapt her liabilities to her capacity, and also to enable the Allies to have something in hand to raise money for reparations, it is proposed that three categories of bonds shall be issued.

The first, Series A, will be bonds of £600,000,000 gold, to be delivered by July 1. They will bear interest of 5 per cent and 1 per cent, accumulating for a sinking fund. Series B will be for 3,000,000,000 gold marks, equal to £1,900,000,000 sterling gold, to be delivered by the first of September. Series C bonds for the balance, estimated at 82,000,000,000 gold marks, equal to £4,100,000 sterling, are to be delivered by the first of November this year, but with this important reservation, that the commission is only to attach coupons and issue these bonds as and when it is satisfied that the payments to be made under the agreement are sufficient to provide for interest and sinking fund.

The first three series will be issued this year. The Reparations Commission will decide from time to time as to the capacity of Germany to pay and issue bonds accordingly.

Interest on Unissued Bonds

Now I come to a very important question, which gave us a great deal of anxiety. It is clear that at first there will not be enough to pay interest upon the whole of the amount due. The best is £6,600,000,000, and 6 per cent upon that will be £400,000,000. Then comes the question, What is to be done with the interest in respect of the unissued bonds?

Under the treaty Germany was debited with interest at 5 per cent upon the whole of the debt due from her, with certain powers given to the Reparations Commission to vary the amount. What is proposed to be done is this, that 25 per cent of exports will be devoted to the payment of the bonds which will be issued. If there is a balance over that for any given year it is to be devoted to payment of interest upon the unissued bonds. But, in addition to that, 1 per cent will be charged on exports, and the surplus over and above what is available for payment of bonds issued, plus 1 per cent of the value of her exports, will be devoted to pay interest on unissued bonds.

Beyond that interest will be wiped out. It will not be

debited to Germany. It won't accumulate as against her. That is a very important question.

Now I come to a method of payment.

Payment Outside Frontiers

All those who have given real attention to this subject know that the practical difficulty with which we are confronted is for Germany to pay outside her frontiers. Payment of a debt of £6,600,000,000 is a serious matter inside one's own country, but to pay outside one's own country even a much smaller amount is baffling to the ingenuity of many financiers.

There will be, first of all, payments in kind. The first payment will be within twenty-five days, a payment of £50,000,000 sterling. Germany, on the whole, has accepted that in her communication to America. There will be no practical difficulty about that. It will be paid in gold, or three months' foreign bills, or treasury grants indorsed by German banks on London, Paris, and New York.

The next item of payment will be in kind—coal. (Ironical cheers.) As they destroyed the French and Belgian coal fields I cannot understand those cheers. It is coal to make up for the coal which would be produced at present if these mines had not been destroyed. There will also be aniline dyes, timber, and material for the reconstruction of France. That I am very glad has been agreed to. I think it is a very sensible method.

To a certain extent there may be labor. That presents very exceptional difficulties, because there are trade unions in France as well as labor. (Laughter.) I don't anticipate that there will be any very substantial sum derived from labor, but from material I think there will be a very substantial sum. These sums will aggregate very considerable and will extend over five or ten years. It will take this time at least. The process of reconstruction might take from five to ten years.

The 25 Per Cent Duty on Exports

The next source of revenue is the duty of 25 per cent on German exports. You can either collect in the country where the goods are received or collect in Germany. If any country prefers to collect on goods to its own country in its own currency it can do so. Collection would not be in marks but in the equivalent of gold—in bills. That depends entirely upon the recovery of Germany's trade. That trade before the war was over £500,000,000. The value of that at present would be somewhere about £1,000,000,000. Twenty-five per cent upon their exports would be £250,000,000 sterling.

A subcommission of the Reparations Commission will be appointed to sit in Berlin for the purpose of supervising this collection. It will have no authority to interfere in administration, but simply to supervise and control and receive payment. Receipts and materials in kind and 25 per cent on exports will be hypothecated for the payment of the bonds issued. Other German revenues will also be pledged and security for payment of interest on the bonds, and here the German proposal coincides with the proposal we made. The Germans have offered other revenues for security of their payments.

That is an outline of the plan which has been adopted by the Supreme Council for payment of the German annuities. I believe it is fair and workable and that it will

produce the necessary results. The German experts at Brussels were of the opinion that Germany should pay 3,000,000,000 of gold marks per annum—that is, £150,000,000. That is equal probably to the amounts that are to be available for the first two or three years; but if German prosperity develops, then certainly there will be much more considerable amounts available for this purpose, and they will be available—and that is the advantage of this scheme—in currency which is equally good here. These bills of exchange for export have just as much value in London as in New York or in Paris or in Berlin. They are gold, international gold, and that is the advantage of this agreement.

I want the committee clearly to understand that we have arranged for payments which are the equivalent of gold, and which are gold in currency. First of all in material—that is, gold; secondly, 25 per cent of the proceeds of German exports, which are gold in any exchange in the world; and those are to be hypothecated for payment of money on these bonds.

I do not think this is an unfair demand to make upon Germany. (Cheers.) Even in the depreciation of her markets Germany has one advantage, she has reduced her maximum debts. Capital and interest on Germany's national debt is between one-fifth and one-sixth of its nominal value. She has therefore a lighter national debt than ours, with a population of 60,000,000. It is therefore not unfair to put this burden on the German people. (Cheers.) The difficulty, as I have repeatedly pointed out, is not one of means on the part of the German people, but means of payment of currency of exchange. That will be met by our proposals.

This morning, at the request of the Supreme Council, I handed to the German Ambassador the demands made on behalf of the Allied Powers.

FRANCE'S SPECIAL RIGHTS

There are those who think we may have gone too far. I do not think so. I think we have taken into account all difficulties and the capacity of Germany to pay. It is no use being impatient with the French attitude toward this problem. Their position is not ours. Here we have got a tempestuous sea between us and Germany, with the best of the German fleet at the bottom of it. The French position is not that of Italy. Italy has got the Alps between her and Germany, and her capital is hundreds of miles away from any frontier. But France has a memory, a living memory, of two invasions (cheers), with her capital occupied in one of them and very nearly another.

I was looking at a map of the German advance the other day. I should like anybody who criticises France to have a copy of that map, with the numbers of the German divisions and all of them pointing toward Paris. Not merely could you hear the sound of the guns, but shells from German guns reached Paris. That is only two years ago. There is her fairest province devastated, and devastated now, and it will take ten years to repair it. One must not forget that when one reads the debates of the French Parliament and when one sees impatient critics, even British statesmen, who preach a little more consideration and a little more delay. It is much easier for us to do it. We must bear those things in mind.

But the concern of France is the concern of Britain.

(Cheers.) We want to see fair play done to France. She did not provoke the war. (Cheers.) She was never less inclined to go to war, but she is the victim today of the war. We are entitled to demand that the nation which brought about all that devastation should do her utmost, should do her last best, to repair it. But, having done so, I still say there is an interest for France which is an interest not merely for Britain, but an interest for the world, and that is to get peace, and a settled peace. (Cheers.)

GERMANY

BY ALEMBERT DECALLIVÉ

O Germany, why longer tread the wine-press all
Alone and drink the dregs of bitterness,
And eat the husks of hatreds and of woes?
Just speak again as Goethe spoke, and Kant!
Just speak the speech forgiveness teaches men,
And stretch the suppliant hand to friend and foes.

The world is sick, and nations turn their eyes
To you, and listen for the cooling word.
With you the cure lies; you, O Germany!
The healing of the ragged wounds of war
Await the mystic self you were of yore—
The music, brains, and native liberty!

THE DIVIDED STATES OF EUROPE AND THE UNITED STATES OF AMERICA

By THEODORE STANFIELD

FOR CENTURIES Europe has been at war or preparing for war. The normal condition of the United States is peace. Before the United States can enter with her into any association to establish and maintain enduring peace, Europe must so reorganize that its normal status is peace, not war.

Temporary peace in Europe is the immediate, urgent need of the hour. To attempt to create permanent peace before temporary peace has been established is absurd; to do both at the same time is impossible.

Our war associates are still discussing terms with Germany. As yet, the United States has agreed to nothing as regards war settlements, either with our late enemies or our war associates. After a firm and definitive treaty has been imposed upon Germany and her allies, after the United States has come to an understanding with her war associates respecting the disposition of the tangible results of the war—territorial, commercial, financial, political—then, and then only, can the United States and Europe address themselves with any hope of progress to the complicated problem of creating and maintaining peace the world over.

The Three Steps

Thus there are three distinct steps: peace with Germany, agreements between the United States and her war associates, and, finally, enduring peace.

These differ utterly in their natures. For right settlement, these three problems must be considered separately and apart.

If the United States does not insist that they be dealt with in this way, and if the United States fails to adopt a general plan of procedure with respect to each one of the three questions, then the initiative in all these important matters will remain in European and Japanese hands. Moreover, the United States will continue to occupy the unfortunate position in which she has been since the armistice. She can deal only with those particular problems and situations which European and Japanese diplomats, for reasons of their own, see fit to create. In a word, the United States will remain in a negative instead of a positive and constructive attitude.

The immediate problem is that of consummating a definitive treaty with Germany. Manifestly, the purpose of such treaty must be to secure the objectives for which the United States and our associates fought. Necessarily, such treaty must be based on a clear and definite realization of these objectives. Moreover, these objectives obviously include not only our own future security, threatened by direct or indirect attack, but also the security of civilization against another attempt to dominate by force of arms. It must be conclusively demonstrated to Germany, her allies, and to every other nation which might be tempted to undertake a war of aggression, that such attempt is not only immoral, but disastrous; otherwise history's teaching indicates a similar attempt will be made again.

It is of importance to all our war associates and to ourselves that we jointly and harmoniously pursue the consummation and enforcement of a treaty with Germany, and that such treaty secure the common objectives for which we all were compelled to wage war.

The problem of a treaty with Germany solved, the United States can then address herself to the second—that of negotiating agreements with our war associates respecting the disposition of the spoils of the war. These spoils involve some of our vital interests. Should we permit European nations and Japan to monopolize economic rights and opportunities, the seeds of future wars would surely be sown.

After a treaty with Germany and her allies is being enforced by the co-operative purpose and action of the United States and her associates; after the United States and her associates have agreed among themselves as to the division of the spoils of the war, then, and then only, can the third problem, enduring peace, be approached.

American Precedents and Models

The present period is a critical one in the history of the world. Should the constructive spirit and the political wisdom of the founding fathers of our country be brought to bear upon this problem of enduring peace, the result might be as propitious as was the outcome of their labors, and a long step forward in the progress of civilization might be taken. To the solution of the difficult problem of creating interstate conditions that preserve peace the founding fathers have contributed that unique and original organization for international relations which is embodied in the Constitution of the United States. It has been well said that the greatest